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USDA OSEC FOR DEP U/S TERPSTRA  
USDA FAS FOR OA YOST; ITP/SHEIKH; FAA/DEVER

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E.O. 12958: N/A  
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SUBJECT: Subject: Turkey: Parliament Passes Amended Social Security

Reform Law

Ref: Ankara 591

11. (U) Summary: The Turkish Parliament approved an amended version of the Social Security Reform bill on April 18, after a three-week debate. The vote was 225 - 55. The bill will become law after President Gul signs it and it is published in the Official Gazette.

12. (SBU) The Parliament made a number of amendments to the 122-article long bill before the final vote, and it is not yet clear exactly what provisions were included in the final version. Most of the key parameters appear to remain the same as reported refTel. The retirement age remains at 65 and the premium work days stayed at 7,200, according to press reports. Current civil service workers kept their privileged position over workers and the self-employed, both in the pension system and health coverage. However, the final implementation date of the law is delayed, with some provisions being phased in starting from April, others from July and still others from October. The law also reportedly provides additional pension and health coverage benefits to parliamentarians through more flexible and generous health coverage and a higher replacement rate, which will result in a higher pension for retired parliamentarians.

13. (SBU) Passage of the law was one of the requirements to complete the last two reviews of the IMF stand-by agreement and release the USD 3.7 billion remaining balance of the stand-by loan. Some analysts observed that the reformist aspects of the bill were somewhat diluted compared with the initial version of the bill. IMF contacts said that they were satisfied with what they understood was included in the bill, but had not yet been able to make a detailed review of changes made during the final day of debate.

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